
THIRD READING

Bill No: AB 1275
Author: Elhawary (D)
Amended: 4/24/25 in Assembly
Vote: 21

SENATE HOUSING COMMITTEE: 11-0, 7/1/25
AYES: Wahab, Seyarto, Arreguín, Cabaldon, Caballero, Cortese, Durazo,
Gonzalez, Grayson, Ochoa Bogh, Padilla

SENATE APPROPRIATIONS COMMITTEE: Senate Rule 28.8

ASSEMBLY FLOOR: 71-0, 5/23/25 (Consent) - See last page for vote

SUBJECT: Regional housing needs: regional transportation plan

SOURCE: Author

DIGEST: This bill (1) extends timelines for determining the Regional Housing Needs (RHNA) and Regional Housing Needs Determination (RHND) for each region and (2) requires each region to incorporate elements of its sustainable communities strategy (SCS) into its RHNA methodology and allocation plan, as specified.

ANALYSIS:

Existing law:

- 1) Provides that each community's fair share of housing be determined through the RHND and the subsequent RHNA plan for the region. Establishes the RHND/RHNA process as follows: (a) Department of Finance (DOF) and the state Department of Housing and Community Development (HCD) develop regional housing needs estimates; (b) councils of government (COGs) allocate housing within each region based on these determinations, and where a COG

does not exist, HCD conducts the allocations; and (c) cities and counties incorporate these allocations into their housing elements.

- 2) Requires HCD, in consultation with each COG, to determine the RHND for each region using population projections produced by DOF and regional population forecasts used in preparing Regional Transportation Plan (RTP) updates, in consultation with each COG.
- 3) Requires HCD, at least 26 months prior to the housing element adoption deadline for the region and prior to developing the existing and projected housing need for a region, to meet and consult with the COG regarding the assumptions and methodology to be used by HCD to develop the RHND. Requires the COG to provide data assumptions from their projections, as specified.
- 4) Requires HCD, after consultation with the COG, to make a determination of the region's existing and projected housing need based upon the assumptions and methodology determined in 3). Requires the RHND to reflect the achievement of a feasible balance between jobs and housing within the region using the regional employment projections in the applicable RTP.
- 5) Requires each COG or delegate subregion, at least two years before a scheduled revision of the housing element, to develop, in consultation with HCD, a proposed methodology for distributing the RHNA to cities, counties, and cities and counties within the region or subregion.
- 6) Requires each COG or delegate subregion, at least one and one-half years before a scheduled revision of the housing element, to distribute a draft RHNA allocation plan to each local government in the region or subregion, and HCD, based on the methodology in 5) above, and publish the draft allocation on its website.

This bill:

- 1) Revises the time by which HCD, in consultation with each COG, must determine each region's existing and projected housing need (RHND) from two years prior to the scheduled housing element revision in existing law, to three years prior to the scheduled revision. Provides an exception in the following circumstances:

- a) For regions with a scheduled housing element revision due date in the 2027 calendar year, HCD must provide the RHND at least two years before the scheduled revision; and
 - b) For regions with a scheduled housing element revision due date in the 2028 calendar or the first six months of the 2029 calendar year, HCD must provide the RHND at least 32 months before the scheduled revision.
- 2) Specifies that, for cities and counties without a COG, HCD must determine each region's existing and projected housing need at least 30 months before the scheduled housing element revision. Provides an exception for cities and counties with a scheduled housing element revision due date in the 2027 calendar year or the first six months of the 2028 calendar year, by requiring HCD to provide the RHND at least two years before the scheduled revision.
 - 3) Requires the required timeline for HCD to meet and consult with each COG regarding the assumptions and methodology to be used by HCD to determine the region's housing needs, from at least 26 months prior to the scheduled housing element revision in existing law, to 38 months prior to the due date. Provides an exception for the seventh housing element cycle by requiring HCD to meet and consult with the COG at least two months prior to developing the existing and projected housing need pursuant to the timelines in 1) and 2) above.
 - 4) Adds to the factors that a COG must consider when developing its RHNA allocation methodology, the development pattern set forth in the region's SCS of its RTP.
 - 5) Requires the RHNA allocation plan to be informed by (rather than consistent with) the development pattern included in the SCS.

Background

RHNA and Housing Elements. All of the state's 539 cities and counties are required to appropriately plan for new housing through the housing element of each community's General Plan, which outlines a long-term plan for meeting the community's existing and projected housing needs. Cities and counties are required to update their housing elements every eight years in most of the high population parts of the state, and five years in areas with smaller populations. Localities must adopt a legally valid housing element by their statutory deadline

for adoption. Failure to do so can result in escalating penalties, including an accelerated deadline for completing rezoning, exposure to the "builder's remedy," public or private lawsuits, financial penalties, potential loss of permitting authority, or court receivership.

Among other things, the housing element must demonstrate how the community plans to accommodate its share of its region's RHNA. To do so, each community establishes an inventory of sites designated for new housing that is sufficient to accommodate its fair share. Where a community does not already contain the existing capacity to accommodate its fair share of housing, it must undertake a rezoning program. It is critical that local jurisdictions adopt legally compliant housing elements on time in order to meet statewide housing goals and create the environment locally for the successful construction and preservation of desperately needed housing at all income levels. Adequate zoning, removal of regulatory barriers, protection of existing stock and targeting of resources are essential to obtaining a sufficient permanent supply of housing affordable to all economic segments of the community. Recognizing that local governments may lack adequate resources to house all those in need, the law nevertheless mandates that the community do all it can and not engage in exclusionary and harmful practices.

The RHNA process is used to determine how many new homes, and the affordability level of those homes, each local government must plan for in its housing element to cover the duration of the next planning cycle. The state is currently in the sixth housing element cycle. The RHND is assigned at the COG level, while RHNA is suballocated to subregions of the COG or directly to local governments. RHNA is currently assigned via six income categories: very low-income or 0-50% of area median income (AMI), low-income or 50-80% of AMI, moderate income or 80-120% of AMI, and above moderate income at 120% or more of AMI. Beginning with the seventh cycle, two new income categories will be incorporated for acutely low-income (0-15% of AMI) and extremely low-income (15-30% of AMI).

The cycle begins with HCD and the DOF projecting new RHND numbers every five or eight years, depending on the region (and for regions without a COG, HCD allocates the RHND directly to local governments). DOF produces population projections and COGs also develops projections during their RTP updates. Then, 26 months before the housing element due date for the region, HCD must meet and consult with the COG and share the data assumptions and methodology that they will use to produce the RHND. The COG provides HCD with its own regional data on specific criteria. HCD can take this information and use it to modify its own methodology, if it agrees with the data the COG produced, or can reject it if

there are other factors or data that HCD feels are better or more accurate. Then, after a consultation with the COG, HCD makes written determinations on the data it is using for specified factors. HCD uses that data to produce the final RHND, which must be distributed at least two years prior to the region's expected housing element due date.

The COG must then take the RHND and create an allocation methodology that distributes the housing need equitably amongst all the local governments in its region. The RHNA methodology is statutorily obligated to further all of the following objectives:

- Increase the housing supply and mix of housing types, tenure, and affordability in all cities and counties within the regional in an equitable manner, which must result in each jurisdiction receiving an allocation of units for low- and very low-income households;
- Promote infill development, socioeconomic equity, the protection of environmental and agricultural resources, and achievement of regional climate change reduction targets;
- Promote an improved intraregional relationship between jobs and housing, including an improved balance between the number of low-wage jobs and the number of housing units affordable to low-wage workers in each jurisdiction;
- Allocate a lower proportion of housing need to an income category when a jurisdiction already has a disproportionately high share of households in that income category; and
- Affirmatively further fair housing.

Comments

Author statement. “California can’t afford to keep planning housing and transportation in separate conversations. AB 1275 strengthens how we plan for the future by making sure our housing and transportation systems are working together—not against each other. This bill moves up the release of Regional Housing Needs Determinations by one year, giving local and regional leaders more time to meaningfully integrate housing needs into transportation plans. When we do this right, we can ensure new housing is built near transit, near jobs, and in communities that have been historically left out of access to opportunity. AB 1275 builds on California’s commitment to climate action and equity by making it easier to plan for sustainable, infill housing and reduce emissions—without sacrificing

the needs of everyday people. It's a practical step toward a California where planning is intentional, coordinated, and centered on the people who live here.”

Regional transportation planning. Federal and state requirements for the development of RTPs have been in law since the 1970's, with additional requirements added over the years. Metropolitan planning organizations (MPOs) must prepare a key planning document called the RTP. The RTP has a long-term horizon of at least 20 years and identifies existing and future transportation needs in the region. It includes rough cost estimates for transportation projects and is fiscally constrained (i.e., the total anticipated cost of the proposals is limited to the total reasonably anticipated revenues for the term of the plan). However, specific fund sources are usually not identified for the individual transportation proposals. The RTP must also conform to federal air quality requirements in nonattainment or maintenance areas. Federal law requires MPOs/ RTPAs submit an RTP at least every four years.

Emissions reductions through land use planning. In 2008, the Legislature passed SB 375 (Steinberg, Chapter 728, Statutes of 2008), a first-of-its-kind law to recognize the critical role of integrated transportation, land use, and housing decisions to meet state climate goals. The law requires each of California's 18 regional MPOs to include a new element in their RTPs – an SCS. The key guiding metric in a SCS is a greenhouse gas emission reduction target, which is decided by the California Air Resources Board (CARB) upon consideration of a district's specific challenges and capabilities. This target is supposed to guide long-term planning and local decision making on new transit, housing, and roadway projects. Ultimately, while these targets are intended to guide planning discussions, they are not enforceable. The question of how MPOs fund projects that advance their SCS remains open, and MPOs do not have the authority to directly regulate land use.

Relationship and discrepancies between RHNA and SCSs. An SCS must establish a reduced development blueprint for the region which will reduce greenhouse gas emissions. But it must also take into account the state housing goals contained in the Housing Element Law and identify areas sufficient to house all economic segments of the population over the 20- to 30-year term of an RTP, including areas sufficient to accommodate an eight-year RHNA. RHNA allocations must also be consistent with SCS-identified development patterns and use. However, only if a COG's household projection is within 1.5% of DOF's estimate is HCD legally required to use the COG's household growth projection to estimate the region's future housing need. A difference of greater than 1.5% results in HCD utilizing DOF's estimates. Planning timelines, under current law, require an SCS

development pattern to be finalized before RHNA so that the identified development patterns can inform the housing needs allocation process.

Despite these connections between SCS and RHNA, significant divergences occur between the relative projections, especially for some of the most populous areas in the state. SCS housing projections often anticipate less growth than the RHNA estimated need; if the RTP/SCS anticipates less population growth than RHNA, mixed-income housing developments may not meet the criteria that make them eligible for CEQA streamlining or state-funded grant programs that are tied to SCS alignment.

Aligning the timelines. Last year, HCD published *California's Housing Future 2040: The Next Regional Housing Needs Allocation* pursuant to statutory directive to develop recommendations to improve the RHNA process and methodology that promotes and streamlines housing development and substantially addresses California's housing shortage following a stakeholder engagement process. One of the recommendations HCD adopted in the report recommends moving up the RHND consultation process by one year. HCD additionally noted in its report that requiring the consultation to take place three years prior to the housing element due date will foster more alignment between the housing element cycle and the RTP and SCS planning cycles.

This bill would push back several RHND and RHNA deadlines for the seventh housing element cycle and beyond by six months, as follows:

- HCD would be required to consult with each COG at least 38 months prior to the scheduled housing element revision, rather than 26 months prior under existing law; and
- HCD must determine each region's RHND three years (36 months) prior to the scheduled housing element revision, rather than two years under existing law.

This bill also contains some differences or exceptions to these extended timelines to provide feasible timelines for jurisdictions with due dates earlier in the upcoming seventh housing element cycle. Generally, the additional six months provided by this bill would mean that COGs would have to distribute their draft RHNA plan at least two years before the housing element due date. With the 195-day RHNA methodology appeal timeline in existing law, this change would result in local governments receiving their final RHNA numbers about 1.5 years prior to the housing element due date, providing them an extra six months to prepare housing elements and submit them to HCD for review and approval.

Strengthening the transportation-housing relationship. As noted above (see Background), each COG's RHNA methodology must meet five statutory objectives, including promoting infill development, socioeconomic equity, protection of environmental and agricultural resources, and achieving regional climate change targets; and promoting an improved intraregional relationship between jobs and housing. In addition, each COG must consider a dozen specific factors when developing the methodology, including the existing and projected jobs-housing relationship in the region, and the region's greenhouse gas emissions targets provided by CARB.

This bill adds to the factors a COG must consider when developing its methodology, the development patterns set forth in the SCS of its RTP. It also requires the RHNA allocation plan to be informed by the development pattern included in the SCS. This bill aims to ensure that RHNA allocations to local jurisdictions are informed by the RTP/SCS development pattern, but are not forced to follow it exactly if doing so would prevent the region from meeting the statutory RHNA objectives. Abundant Housing LA, sponsor of this bill, states that this bill will create alignment among regional plans, and help ensure sufficient housing in both infill areas and areas with high levels of unmet housing needs.

FISCAL EFFECT: Appropriation: No Fiscal Com.: Yes Local: Yes

SUPPORT: (Verified 7/14/25)

County of Santa Clara

OPPOSITION: (Verified 7/14/25)

None received

ASSEMBLY FLOOR: 71-0, 5/23/25

AYES: Addis, Aguiar-Curry, Ahrens, Alanis, Alvarez, Arambula, Ávila Farías, Bains, Bauer-Kahan, Bennett, Berman, Boerner, Bonta, Calderon, Caloza, Carrillo, Castillo, Connolly, Davies, DeMaio, Dixon, Elhawary, Flora, Fong, Gabriel, Gallagher, Garcia, Gipson, Jeff Gonzalez, Mark González, Hadwick, Haney, Harabedian, Hart, Hoover, Irwin, Jackson, Kalra, Krell, Lackey, Lee, Lowenthal, Macedo, McKinnor, Muratsuchi, Ortega, Pacheco, Papan, Patel, Patterson, Pellerin, Petrie-Norris, Quirk-Silva, Ramos, Ransom, Celeste Rodriguez, Michelle Rodriguez, Rogers, Blanca Rubio, Schiavo, Solache, Soria, Stefani, Ta, Tangipa, Valencia, Wallis, Ward, Wilson, Zbur, Rivas

NO VOTE RECORDED: Bryan, Chen, Ellis, Nguyen, Sanchez, Schultz, Sharp-Collins, Wicks

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7/17/25 10:56:35

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